

SECRET***OGC Has Reviewed***

MEMORANDUM OF AGREEMENT made this ^{June} 3rd day of May, 1948, between the UNITED STATES OF AMERICA, acting through the Central Intelligence Agency, (hereinafter called the Government), represented by the Contracting Officer executing this contract and [REDACTED] 25X1A
[REDACTED] Company having its principal place of business at [REDACTED] (hereinafter called "the Contractor"). 25X1A

WITNESSETH:

WHEREAS, the Government desires that the Contractor conduct certain studies, and experimental investigations as hereinafter specified:

WHEREAS, the Contractor is willing to conduct such studies and experimental investigations and undertake such construction on an "actual cost" basis as hereinafter specified;

WHEREAS, the subject work will require that a substantial part of the materials, supplies and other articles acquired therefor be either consumed or incorporated into equipment or other articles to be constructed or assembled during the course of the work;

NOW THEREFORE, in consideration of the premises and of the mutual agreement hereinafter set forth, the parties hereto agree with each other as follows, to wit:

ARTICLE 1. Subject Work. (a) The Contractor shall, with the utmost secrecy and dispatch and in accordance with the instructions issued by the Contracting Officer or his authorized representative, supply the necessary personnel and facilities for and conduct studies and experimental investigations in connection with equipment and basic specification contained in our File No. SES 90. Said specification is hereby incorporated by reference and made a part hereof in the same manner as if it had been fully set forth. The Contractor shall report the progress of such studies and investigations from time to time, as directed by the Contracting Officer or his authorized representative and shall deliver all models developed hereunder to the designee of the Contracting Officer. The Contractor's undertakings under this paragraph are hereinafter called "the subject work".

(b) Termination. The Contractor shall proceed with the subject work until September 3rd, 1949 or until such later date as may be authorized in writing by the Contracting Officer and agreed to by the Contractor.

(c) Acceleration of Termination. The Contracting Officer may at any time advance the date fixed under paragraph (b) by giving the Contractor thirty (30) days' notice in writing that the subject work shall terminate at a specified earlier date. The Contractor shall likewise have the right to cancel this agreement, or any authorized extension thereof upon thirty days' written notice. Upon receipt of such notice the Contractor shall exercise all reasonable diligence to obtain the cancellation of its outstanding commitments hereunder running beyond such

SECRET 90

Approved as to legal form 6/9/48

SECRET

-2-

earlier date, but any reasonable cancellation charges incurred thereby by the Contractor and any reasonable loss upon outstanding commitments which it is unable to cancel shall be reimbursable hereunder.

(d) Inspections. The Contracting Officer or his authorized representatives may inspect the subject work at all reasonable times.

(e) Subcontracts. No subcontract executed hereunder shall provide for (i) payment on a cost-plus-a-percentage-of-cost basis or (ii) the payment of a fixed fee in excess of seven per centum of the estimated cost, exclusive of the fee. The Contractor shall not enter into any subcontracts, including research or development of the kind contemplated by this contract without obtaining the written approval of the Contracting Officer as to the form and substance thereof. The Contractor shall refer each prospective subcontract to the Contracting Officer or his authorized representative, who shall make an appropriate determination, including whether or not research or development is involved.

(f) Property Furnished Directly by the Government. The Government may furnish to the Contractor materials, supplies, apparatus, equipment, or other property, real or personal, for use in the performance of the subject work, and such property shall be used by the Contractor only for purposes approved by the Contracting Officer or his authorized representative.

(g) Definitions. "Contracting Officer" refers to the present Contracting Officer and his successors in office. An "authorized representative" can act hereunder only in the limited respects and to the extent specified in provisions of this contract wherein the term "authorized representative" is specifically used. "Authorized representative" refers to any person designated in writing as such by the Contracting Officer.

ARTICLE 2. (a) Reimbursement for Costs. The Government shall promptly reimburse the Contractor, upon the submission of certified vouchers supplied by the Government and approved by the Contracting Officer, for the "actual cost" to the Contractor of performance of its undertakings hereunder in an amount not exceeding Ninety-five Thousand Dollars (\$95,000.00). The Contractor may submit such vouchers at monthly intervals for "actual cost" incurred and not previously reimbursed. The Contracting Officer may withhold all or any part of the final reimbursement payment until receipt of the final report, the property accounting, and the patent disclosure and designation required hereunder.

(b) Cost Escape. Notwithstanding any other provision hereof, when and if "actual cost" in such maximum amount shall have been incurred or obligated hereunder, the Contractor shall not be required to incur or obligate further "actual cost" hereunder unless and until the Government shall first agree in writing to reimburse the Contractor therefor.

SECRET

SECRET

-3-

(c) Vouchers. All vouchers submitted shall indicate, with respect to each class of items listed by the Contractor thereon, the particular subparagraph of paragraph (d) hereof under which reimbursement is claimed, and shall be itemized and supported by appropriate substantiating documents as required by the Contracting Officer.

(d) Cost Determination. "Actual cost" as used herein includes the following:

(1) Salaries and Wages. Expenditures by the Contractor for the salaries and wages of its employees hereunder, plus Federal and State Social Security taxes paid by the Contractor thereon.

(2) Materials and Services. Expenditures by the Contractor for such materials, supplies, apparatus, and other articles (including processing and testing thereof by others, and rental of apparatus and equipment from others), and for the services of others not reimbursed under subparagraphs (1) and (2), as are necessary for performance of its undertakings hereunder; Provided, That, when the Contractor furnishes articles customarily produced or assembled in the regular course of its business, it shall be reimbursed therefor at fair and reasonable prices not in excess of the lower of (i) those usually charged by the trade for such articles or (ii) the lowest net prices charged by it therefor at the time to any customer. The Contractor shall obtain the prior approval of the Contracting Officers before purchasing motor vehicles.

(3) Overhead. An allowance for currently audited actual overhead costs not otherwise reimbursable hereunder in an amount not to exceed one hundred per cent (100%) of the total salaries and wages (but not taxes) reimbursable under subparagraph 1. hereof.

(4) Profit. A profit not to exceed seven per cent (7%) of the total foregoing actual costs, subparagraphs 2(d) - (1), (2), and (3), which shall constitute complete compensation under this contract for the Contractor's services, including the services of the resident partners or corporate officers and all general overhead expenses except as otherwise herein expressly provided.

(5) Communication and Shipping. Expenditures by the Contractor necessary for performance of its undertakings hereunder, for long distance telephone calls, telegrams, cablegrams, radiograms, postage, freight, express, and drayage.

(6) Travel. Expenditures by the Contractor necessary for performance of its undertakings hereunder for the transportation expenses of persons directly engaged therein, plus reasonable actual subsistence expenses, in an amount not exceeding ten dollars (\$10.00) per person per day, of such persons, incurred during periods of travel or,

SECRET

SECRET

-4-

at the Contractor's option, an allowance, in lieu of actual subsistence expenses of such persons, not exceeding (i) six dollars (\$6.00) per person for each calendar day or major fraction thereof during the period of travel within the continental limits of the United States, and (ii) seven dollars (\$7.00) per person for each calendar day or major fraction thereof during the period of foreign travel outside the continental limits of the United States; Provided, That all such foreign travel shall be limited to persons directly engaged in the performance of the subject work hereunder and shall be authorized or approved in writing by the Contracting Officer; Provided, further, That expenses for transportation hereunder by motor vehicle other than common carrier or rented automobile shall be reimbursed on a reasonable actual expenses basis, or, at the Contractor's option, on a mileage basis at a rate not exceeding five cents (5¢) per mile per vehicle, in lieu of the actual expenses of such transportation.

(7) Acceleration of Termination. Expenditures by the Contractor in connection with acceleration of termination of its undertakings hereunder.

(8) Subcontracts. Expenditures by the Contractor representing payment to subcontractors for subcontracts authorized under Article 1. (e).

(9) Taxes. Expenditures by the Contractor hereunder under the Federal Insurance Contributions Act, the Federal Unemployment Tax Act, and any State or local unemployment compensation law, expenditures by the Contractor for any taxes on or for realty, equipment, materials, or supplies acquired for use hereunder (except to the extent that the Government may secure the Contractor's exemption therefrom), expenditures by the Contractor for any gross receipts tax or other tax based on gross receipts or expenditures hereunder (except to the extent that such tax may be based upon the Contractor's net income) and also excepting any tax on the privilege or license of the Contractor to do business which is not measured by gross receipts or expenditures.

(10) Special Costs. Special expenditures by the Contractor which are specifically certified by the Contracting Officer in writing to constitute part of the "actual cost" of its undertakings hereunder.

(e) Advance Payments. If the Contractor requests in writing that an advance payment be made on account of reimbursable "actual cost", the Government shall advance the amount estimated by the Contractor and concurred in by the Contracting Officer as the probable "actual cost" during any calendar month for which no payment has previously been made; Provided, That the Contracting Officer may in his discretion withhold approval of any such advance payment to protect the interests of the

SECRET

SECRET

-5-

Government; Provided, further, That in case of such advance payment, the Contractor shall submit vouchers for its "actual cost" during the month for which such advance is made an accounting for the full amount of such advance before the end of the following month, and shall return to the Government, when and if requested by the Contracting Officer, the portion of such advance for which vouchers have not been so submitted, without prejudice to the right of the Contractor to obtain reimbursement payments for "actual cost" upon the later submission of vouchers.

ARTICLE 3. (a) Disposition of Personal Property. At any time prior or subsequent to the termination of the subject work, the Contractor shall deliver at the Government's expense, when and as directed by the Contracting Officer, all or any part, complete or incomplete, of materials, supplies, apparatus, equipment, or other articles of personal property not theretofore expended or delivered hereunder which have been furnished by the Government hereunder or for the cost of which the Contractor has been reimbursed or has the right to claim reimbursement hereunder; Provided, That upon the termination of the subject work, the Contractor shall have the right to retain any such property other than that furnished by the Government, unless notified by the Contracting Officer that the national security renders such action inadvisable, by returning to the Government such sum of money as the Government may determine to be fair and proper.

(b) Accountability for Property. Within sixty (60) days after the termination of the subject work, the Contractor shall render an accounting, in accordance with the instructions of the Contracting Officer, of all property the disposition of which is governed by this Article.

ARTICLE 4. (a) Responsibility of Contractor. The Contractor shall be responsible to the Government for loss of or damage to materials, supplies, apparatus, equipment, and any other property, real or personal, the disposition of which is governed hereby, only if and so far as attributable to the willful misconduct or lack of good faith of an officer of the Contractor or of any other person having complete or substantially complete charge of the establishment where any undertaking hereunder by the Contractor is performed.

(b) Insurance. The Contractor shall maintain insurance in such forms and amounts and for such periods of time as the Contracting Officer may require or approve.

ARTICLE 5. Patent Provisions. (a) The Contractor hereby grants to the Government of the United States an irrevocable option to purchase a non-exclusive license or licenses, subject to the payment of royalties, to make, have made, and use, for military, naval, and national defense purposes, and to sell material in accordance with law, and to use processes, under all United States patents and applications for patents owned or controlled by the Contractor covering inventions heretofore developed and actually or constructively reduced to practice and concerned with the subject work. Any such license shall be granted upon reasonable terms subject to negotiation at the time the Government may desire to exercise its option hereunder.

SECRET

SECRET

-6-

(b) The Contractor shall and does hereby, in consideration of the premises and in consideration of payments to be made by the Government under this contract, grant unto the Government a non-exclusive, irrevocable, royalty-free license, to make, have made, and use, for military, naval, and national defense purposes, and to sell or otherwise dispose of material in accordance with law, and to use processes, under all inventions made in carrying out the subject work, including all inventions ~~exclusive~~ of inventions covered by paragraph (a) which for the first time were actually or constructively reduced to practice as a result of the subject work, whether patented or unpatented. The Contractor shall make to the Government, prior to the final settlement under this contract, a complete disclosure of all inventions made in carrying out the subject work and shall designate in writing which of the said inventions have been or will be covered by applications for patents filed or caused to be filed by the Contractor. The Contractor shall have the right, upon notification by the Government, to elect whether it or the Government shall file application for patents or inventions in addition to those designated by the Contractor as aforesaid.

(c) As to all such inventions that are not covered by applications for patents as specified in paragraph (b) the Government shall have the right, at the Government's expense, to file, prosecute, and act upon applications for patents thereon, and the Contractor shall secure the execution of the necessary papers and do all things requisite to protect the Government's interest in prosecuting such applications to a final issue. When an application for patent is filed by the Government as aforesaid, all right, title, and interest in and under the patent shall be assigned to the Government by the Contractor except that the Contractor may retain a nonexclusive license nontransferrable, except to an assignee of the entire business to which said license is appurtenant.

(d) The Contractor covenants that it has not entered into and will not enter into any arrangement to evade the intent of the article for the Government to obtain without further payment a nonexclusive license to patents, applications for patents and inventions as called for in paragraph (b) above.

(e) The execution of this contract shall not constitute a waiver of any rights the Government may have under patents or applications for patents.

ARTICLE 6. Security Provisions. (a) During the continuance of the present unlimited National Emergency, the Contractor shall not disclose any information concerning this contract or obtained as a result of the performance of its undertakings hereunder to any person, except employees assigned to such work, without the written consent of the Contracting Officer. Subsequent to the termination of such Emergency, disclosure of such information shall be governed by the applicable laws and regulations governing the disclosure of classified information. Disclosure of information concerning this contract or such work to any person not entitled to receive it, or failure to safeguard all such classified matters within the Contractor's control, may subject the Contractor, its employees and subcontractors to criminal liability under the laws of the United States, including (i) 50 U.S.C. Chap. 4, (ii) 50 U.S.C. 45-45d, as supplemented by Executive Order 8381, dated March 22, 1941, and (iii) 35 U.S.C. 42-42f.

SECRET

SECRET

-7-

(b) The Contractor shall immediately submit a confidential report to the Contracting Officer whenever for any cause it has reason to believe that there is an active danger of espionage or sabotage affecting any of the subject work.

(c) The Contractor shall not employ any alien on or permit any alien to have access to the subject work or any plans, specifications or records relating to its undertakings hereunder without the written consent of the Contracting Officer as to each such alien.

(d) The Contractor, whenever requested by the Contracting Officer, shall report to the Contracting Officer the citizenship, country of birth or alien status of any or all of its employees at the site of, or having access to, any of the subject work.

(e) The Contractor shall not employ or continue to employ on, and shall exclude from the site of, any of the subject work any person or persons designated in writing by the Contracting Officer, for cause as undesirable to have access to such work.

ARTICLE 7. Public Policy Provisions. (a) The Contractor warrants that it has not employed any person to solicit or secure this contract upon any agreement for a commission, percentage, brokerage or contingent fee. Breach of this warranty shall give the Government the right to annul the contract or, in its discretion, to deduct from the contract price or consideration the amount of such commissions, percentage, brokerage or contingent fee. This warranty shall not apply to commission payable by the Contractor upon contracts or sales secured or made through bona fide established commercial or selling agencies maintained by the Contractor for the purpose of securing business.

(b) No Member of or Delegate to Congress, or Resident Commissioner shall be admitted to any share or part of this contract or any benefit that may arise therefrom, but this provision shall not be construed to extend to this contract if made with a corporation for its general benefit.

(c) The Contractor shall not discriminate in any act performed hereunder against any person on the ground of race, creed, color, or national origin, and shall include such provision in each subcontract.

(d) The representations and stipulations required by Section 1 of the Act of June 30, 1936, (Walsh-Healey Act, Public No. 846, 74th Congress) to be included in all contracts therein specified are hereby incorporated and made a part of this contract with the same force and effect as if fully set forth in the contract. Such representations and stipulations shall be subject to all applicable regulations, determinations, and exemptions of the Secretary of Labor now or hereafter in effect.

ARTICLE 8. Eight Hour Law. The Contractor shall compensate laborers and mechanics for all hours worked by them hereunder in excess of eight (8) hours in any one calendar day at a rate of not less than one and one-half (1½) times the basic rate of pay of such laborers and mechanics, and shall include such provision in each subcontract. For each violation of the requirements of this Article a penalty of five dollars (\$5.00) shall be imposed upon the Contractor or subcontractor for each laborer or mechanic for each calendar day in which

SECRET

-8-

SECRET

such employee is required or permitted to work hereunder more than eight (8) hours without receiving such additional compensation, and all penalties thus imposed shall be withheld for the use and benefit of the Government.

ARTICLE 9. Disputes of Fact. The Contractor agrees that any dispute of fact shall be determined by the Contracting Officer, subject to an appeal therefrom by the Contractor to the Head of the Agency, or his authorized designee, whose decision shall be a final determination of the rights of the parties hereunder.

ARTICLE 10. Records and Accounts. Inspection and Audit.

(a) **Records and Books of Account.** ^{in receipt} The Contractor agrees to keep records and books of accounts, showing actual cost to him of all items of labor, materials, equipment, supplies, services, and other expenditures of whatever nature for which reimbursement is authorized under the provisions of this contract.

(b) **Access to Records by Contracting Officer.** The Contracting Officer or his authorized representative shall at all times have access to the premises, work and materials, to all books, records, correspondence, instructions, plans, drawings, receipts, vouchers and memoranda of every description of the Contractor pertaining to said work for the purpose of checking and auditing cost invoices; such documents as are submitted in support of reimbursement vouchers, excepted. The Contractor shall preserve such papers, without additional compensation therefor, to such extent and for such period as may be required by law.

(c) **Provisions in Subcontracts.** Any subcontract approved by the Contracting Officer shall include similar provisions for the benefit of the Government.

IN WITNESS WHEREOF, the Government and the Contractor have caused this contract to be signed and sealed, intending to be legally bound thereby.

25X1A



THE UNITED STATES OF AMERICA

25X1A



TITLE: Vice President

SECRET